

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

MARKET-DOMINANT PRICE CHANGE

Docket No. R2023-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 5**  
(November 2, 2022)

The United States Postal Service hereby provides its responses Chairman's Information Request No. 5, issued on October 28, 2022. Each question is stated verbatim and is followed by its response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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## **USPS Marketing Mail**

1. Please refer to the response to Chairman's Information Request No. 2, question 2.<sup>1</sup> Please also refer to the Postal Service's Notice of Market Dominant Price Change in Docket No. R2022-1, in which the Postal Service states it "estimated the High Density Flats, High Density Plus Flats, [Every Door Direct Mail (EDDM)] Flats, and Saturation Flats volume on 5-Digit (Direct Containers) using the percentage numbers derived from The Marketing Mail Characteristics Study documented in USPS-FY21-12 in ACR-2021."<sup>2</sup>
  - a. Please confirm that the adjustment referred to in the Docket No. R2022-1 Notice uses the same source as the adjustment referred to in the Response to CHIR No. 2, question 2.
  - b. If part a. is confirmed, please explain why the percentage used to adjust the billing determinants for High Density flats, High Density Plus flats, EDMM flats, and Saturation flats volume on 5-Digit (Direct Containers) would be different between Docket No. R2022-1 and this docket.
  - c. If part a. is not confirmed, please identify the source that was used in Docket No. R2022-1. Please also explain why the Postal Service elected to change sources in order to make the same adjustment.

### **Response:**

- a. Partially confirmed. While the Postal Service used the same methodology and underlying data sources for estimating eligible volumes, the underlying time periods are different. The Postal Service used data for FY 2021 in its response to

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<sup>1</sup> Responses of the United States Postal Service to Chairman's Information Request No. 2, October 25, 2022, question 2 (Response to CHIR No. 2).

<sup>2</sup> Docket No. R2022-1, United States Postal Service Notice of Market-Dominant Price Change, April 6, 2022, at 18 (Docket No. R2022-1 Notice).

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ChIR 2 Q2 in this docket and intended to use the same fiscal year data in Docket No. R2022-1 but mistakenly used hybrid year data (Q2 FY 2021 to Q1 FY 2022) instead. See, Docket No. R2022-1, United States Postal Service Notice of Market-Dominant Price Change, April 6, 2022, at 18. (Text under 'Adjustments to Billing Determinants' mistakenly refers to Folder 12 but meant Folder 14 and implied that FY21 data was used to derive the estimates.)

That is, containerization data for Marketing Mail Flats and Carrier Route has been presented annually in Folder 14, but the development of the Delivery Container discount for High Density, High Density Plus, and Saturation in Docket No. R2022-1 was the first instance that containerization information had been needed for these denser rate categories of Marketing Mail. The Postal Service used the methodology and data described in Folder 14 to develop the relevant containerization data but inadvertently used a hybrid year instead of the fiscal year.

It is the Postal Service's preference to use fiscal year data in this and similar calculations because it is a publicly visible part of the annual compliance report and approval process. For example, in previous price change dockets, the Postal Service derived the estimates for both Machinable (Mixed AADC and AADC) and Nonmachinable (Mixed ADC, 3-Digit, and 5-Digit) Nonautomation Letters in First-Class Mail using Folder 10, FY 2021 data. DVD volumes for Mixed AADC and AADC were distributed in the same fashion. Docket No. R2021-2, File: 'FCM.NonautoLtrsVolDist.AvdCst.R2021-2.xlsx'; Docket No.

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R2021-2, United States Postal Service Notice of Market-Dominant Price Change, May 28, 2021, at 11. (Under the heading of 'Adjustments to Billing Determinants,' the distribution keys were derived using data from the FY 2020 Annual Compliance Report's Folder 10.)

b.– c. As explained in the response to part a., the differences in percentages is the result of the different time periods used in the estimates. These differences were corrected in the Postal Service's Response to ChIR No. 2, question 2 using fiscal year, rather than hybrid year, data.

Finally, the Postal Service notes that a similar correction to the volume estimates for Direct Container discounts in Docket No. R2022-1 would result in no change to the proposed or approved prices there, but the correction would result in a small increase in the banked rate authority for Marketing Mail, from 0.005 percent to 0.009 percent. That docket is, of course, closed, and the Postal Service foregoes any claim to the additional 0.004 percent in banked rate authority.